

82D CONGRESS. <i>1st Session</i>	}	HOUSE OF REPRESENTATIVES	}	REPORT No. 1179
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REVENUE ACT OF 1951

OCTOBER 15, 1951.—Ordered to be printed

Mr. DOUGHTON, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H. R. 4473]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4473), to provide revenue, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 2, 3, 5, 94, 98, 119, 120, 123, 124, 125, 126, 130, 132, 133, 134, 135, 136, 138, 139, 140, 144, 145, 146, 147, 148, 149, 150, 152, 155, 157, 158, 159, 160, 161, 162, 164, 165, 170, 177, 182, 183, 201, 202, and 203.

That the House recede from its disagreement to the amendments of the Senate numbered 9, 10, 11, 12, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 44, 47, 48, 49, 50, 51, 52, 56, 57, 58, 59, 60, 61, 62, 63, 65, 66, 68, 69, 70, 71, 72, 73, 74, 75, 76, 87, 95, 103, 105, 106, 108, 109, 112, 113, 114, 115, 116, 117, 153, 169, 171, 176, 180, 186, 187, 189, 190, 192, 195, 196, 204, 205, 206, 207, 208, 209, 212, 218, 223, 229, 230, 232, 233, 242, 243, and 244 and agree to the same.

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Amendment numbered 1:

That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with the following amendments:

Strike out the surtax table beginning on page 1 of the Senate engrossed amendments and insert the following:

<i>"If the surtax net income is:</i>	<i>The surtax shall be:</i>
Not over \$2,000-----	17.4% of the surtax net income.
Over \$2,000 but not over \$4,000-----	\$348, plus 19.4% of excess over \$2,000.
Over \$4,000 but not over \$6,000-----	\$736, plus 24% of excess over \$4,000.
Over \$6,000 but not over \$8,000-----	\$1,216, plus 27% of excess over \$6,000.
Over \$8,000 but not over \$10,000-----	\$1,756, plus 32% of excess over \$8,000.
Over \$10,000 but not over \$12,000-----	\$2,396, plus 36% of excess over \$10,000.
Over \$12,000 but not over \$14,000-----	\$3,116, plus 40% of excess over \$12,000.
Over \$14,000 but not over \$16,000-----	\$3,916, plus 45% of excess over \$14,000.
Over \$16,000 but not over \$18,000-----	\$4,816, plus 48% of excess over \$16,000.
Over \$18,000 but not over \$20,000-----	\$5,776, plus 51% of excess over \$18,000.
Over \$20,000 but not over \$22,000-----	\$6,796, plus 54% of excess over \$20,000.
Over \$22,000 but not over \$26,000-----	\$7,876, plus 57% of excess over \$22,000.
Over \$26,000 but not over \$32,000-----	\$10,156, plus 60% of excess over \$26,000.
Over \$32,000 but not over \$38,000-----	\$13,756, plus 63% of excess over \$32,000.
Over \$38,000 but not over \$44,000-----	\$17,536, plus 66% of excess over \$38,000.
Over \$44,000 but not over \$50,000-----	\$21,496, plus 70% of excess over \$44,000.
Over \$50,000 but not over \$60,000-----	\$25,696, plus 72% of excess over \$50,000.
Over \$60,000 but not over \$70,000-----	\$32,896, plus 75% of excess over \$60,000.
Over \$70,000 but not over \$80,000-----	\$40,396, plus 79% of excess over \$70,000.
Over \$80,000 but not over \$90,000-----	\$48,296, plus 81% of excess over \$80,000.
Over \$90,000 but not over \$100,000-----	\$56,396, plus 84% of excess over \$90,000.
Over \$100,000 but not over \$150,000--	\$64,796, plus 86% of excess over \$100,000.
Over \$150,000 but not over \$200,000--	\$107,796, plus 87% of excess over \$150,000.
Over \$200,000-----	\$151,296, plus 88% of excess over \$200,000.

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Strike out the surtax table on page 3 of the Senate engrossed amendments and insert the following:

<i>"If the surtax net income is:</i>	<i>The surtax shall be:</i>
Not over \$2,000-----	19.3% of the surtax net income.
Over \$2,000 but not over \$4,000-----	\$386, plus 21.6% of excess over \$2,000.
Over \$4,000 but not over \$6,000-----	\$818, plus 26% of excess over \$4,000.
Over \$6,000 but not over \$8,000-----	\$1,338, plus 31% of excess over \$6,000.
Over \$8,000 but not over \$10,000-----	\$1,958, plus 35% of excess over \$8,000.
Over \$10,000 but not over \$12,000-----	\$2,658, plus 39% of excess over \$10,000.
Over \$12,000 but not over \$14,000-----	\$3,438, plus 45% of excess over \$12,000.
Over \$14,000 but not over \$16,000-----	\$4,338, plus 50% of excess over \$14,000.
Over \$16,000 but not over \$18,000-----	\$5,338, plus 53% of excess over \$16,000.
Over \$18,000 but not over \$20,000-----	\$6,398, plus 56% of excess over \$18,000.
Over \$20,000 but not over \$22,000-----	\$7,518, plus 59% of excess over \$20,000.
Over \$22,000 but not over \$26,000-----	\$8,698, plus 63% of excess over \$22,000.
Over \$26,000 but not over \$32,000-----	\$11,218, plus 64% of excess over \$26,000.
Over \$32,000 but not over \$38,000-----	\$15,058, plus 65% of excess over \$32,000.
Over \$38,000 but not over \$44,000-----	\$18,958, plus 69% of excess over \$38,000.
Over \$44,000 but not over \$50,000-----	\$23,098, plus 72% of excess over \$44,000.
Over \$50,000 but not over \$60,000-----	\$27,418, plus 74% of excess over \$50,000.
Over \$60,000 but not over \$70,000-----	\$34,818, plus 77% of excess over \$60,000.
Over \$70,000 but not over \$80,000-----	\$42,518, plus 80% of excess over \$70,000.
Over \$80,000 but not over \$90,000-----	\$50,518, plus 82% of excess over \$80,000.
Over \$90,000 but not over \$100,000-----	\$58,718, plus 85% of excess over \$90,000.
Over \$100,000 but not over \$150,000-----	\$67,218, plus 87% of excess over \$100,000.
Over \$150,000 but not over \$200,000-----	\$110,718, plus 88% of excess over \$150,000.
Over \$200,000-----	\$154,718, plus 89% of excess over \$200,000.

Strike out the tables on pages 7 and 8 of the Senate engrossed amendments and insert the following:

"Table II

"Taxable years beginning after October 31, 1951, and before January 1, 1954"

If adjusted gross income is—		And the number of exemptions is—				If adjusted gross income is—		And the number of exemptions is—												
At least	But less than	1	2	3	4 or more	At least	But less than	1		2		3				4	5	6	7	8 or more
		And tax-payer is single or married filing separately	And tax-payer is head of household	And tax-payer is single or married filing separately	And tax-payer is head of household			And a joint return is filed	And tax-payer is single or married filing separately	And tax-payer is head of household	And a joint return is filed									
												The tax shall be—								
\$0	\$0.75	\$0	\$0	\$0	\$0	\$2,325	\$2,350	\$335	\$335	\$202	\$202	\$202	\$08	\$08	\$08	\$0	\$0	\$0	\$0	
0.75	700	4	0	0	0	2,350	2,375	340	340	207	207	207	73	73	73	0	0	0	0	
700	725	9	0	0	0	2,375	2,400	345	345	212	212	212	78	78	78	0	0	0	0	
725	750	14	0	0	0	2,400	2,425	350	350	217	217	217	83	83	83	0	0	0	0	
750	775	19	0	0	0	2,425	2,450	355	355	222	222	222	88	88	88	0	0	0	0	
775	800	24	0	0	0	2,450	2,475	360	360	227	227	227	93	93	93	0	0	0	0	
800	825	29	0	0	0	2,475	2,500	365	365	232	232	232	98	98	98	0	0	0	0	
825	850	34	0	0	0	2,500	2,525	370	370	237	237	237	103	103	103	0	0	0	0	
850	875	39	0	0	0	2,525	2,550	375	375	242	242	242	108	108	108	0	0	0	0	
875	900	44	0	0	0	2,550	2,575	380	380	247	247	247	113	113	113	0	0	0	0	
900	925	49	0	0	0	2,575	2,600	386	386	252	252	252	118	118	118	0	0	0	0	
925	950	54	0	0	0	2,600	2,625	391	391	257	257	257	123	123	123	0	0	0	0	
950	975	59	0	0	0	2,625	2,650	396	396	262	262	262	128	128	128	0	0	0	0	
975	1,000	64	0	0	0	2,650	2,675	401	401	267	267	267	133	133	133	0	0	0	0	
1,000	1,025	69	0	0	0	2,675	2,700	406	406	272	272	272	138	138	138	0	0	0	0	
1,025	1,050	74	0	0	0	2,700	2,725	411	411	277	277	277	143	143	143	0	0	0	0	
1,050	1,075	79	0	0	0	2,725	2,750	416	416	282	282	282	148	148	148	0	0	0	0	
1,075	1,100	84	0	0	0	2,750	2,775	421	421	287	287	287	153	153	153	0	0	0	0	
1,100	1,125	89	0	0	0	2,775	2,800	426	426	292	292	292	158	158	158	0	0	0	0	
1,125	1,150	94	0	0	0	2,800	2,825	431	431	297	297	297	163	163	163	0	0	0	0	
1,150	1,175	100	0	0	0	2,825	2,850	436	436	302	302	302	168	168	168	0	0	0	0	
1,175	1,200	105	0	0	0	2,850	2,875	441	441	307	307	307	173	173	173	0	0	0	0	
1,200	1,225	110	0	0	0	2,875	2,900	446	446	312	312	312	178	178	178	0	0	0	0	
1,225	1,250	115	0	0	0	2,900	2,925	451	451	317	317	317	183	183	183	0	0	0	0	
1,250	1,275	120	0	0	0	2,925	2,950	456	456	322	322	322	188	188	188	0	0	0	0	
1,275	1,300	125	0	0	0	2,950	2,975	461	461	327	327	327	193	193	193	0	0	0	0	
1,300	1,325	130	0	0	0	2,975	3,000	466	466	332	332	332	198	198	198	0	0	0	0	
1,325	1,350	135	1	0	0	3,000	3,025	471	471	337	337	337	203	203	203	0	0	0	0	
1,350	1,375	140	1	0	0	3,025	3,050	476	476	342	342	342	208	208	208	0	0	0	0	
1,375	1,400	145	1	0	0	3,050	3,075	481	481	347	347	347	213	213	213	0	0	0	0	
1,400	1,425	150	1	0	0	3,075	3,100	486	486	352	352	352	218	218	218	0	0	0	0	
1,425	1,450	155	2	0	0	3,100	3,125	491	491	357	357	357	223	223	223	0	0	0	0	
1,450	1,475	160	2	0	0	3,125	3,150	496	496	362	362	362	228	228	228	0	0	0	0	
1,475	1,500	165	3	0	0	3,150	3,175	501	501	367	367	367	233	233	233	0	0	0	0	
1,500	1,525	170	3	0	0	3,175	3,200	506	506	372	372	372	238	238	238	0	0	0	0	
1,525	1,550	175	4	0	0	3,200	3,225	511	511	377	377	377	243	243	243	0	0	0	0	
1,550	1,575	180	4	0	0	3,225	3,250	516	516	382	382	382	248	248	248	0	0	0	0	
1,575	1,600	185	5	0	0	3,250	3,275	521	521	387	387	387	253	253	253	0	0	0	0	
1,600	1,625	190	5	0	0	3,275	3,300	526	526	392	392	392	258	258	258	0	0	0	0	
1,625	1,650	195	6	0	0	3,300	3,325	531	531	397	397	397	263	263	263	0	0	0	0	
1,650	1,675	200	6	0	0	3,325	3,350	536	536	402	402	402	268	268	268	0	0	0	0	
1,675	1,700	205	7	0	0	3,350	3,375	541	541	407	407	407	273	273	273	0	0	0	0	
1,700	1,725	210	7	0	0	3,375	3,400	546	546	412	412	412	278	278	278	0	0	0	0	
1,725	1,750	215	8	0	0	3,400	3,425	551	551	417	417	417	283	283	283	0	0	0	0	
1,750	1,775	220	8	0	0	3,425	3,450	556	556	422	422	422	288	288	288	0	0	0	0	
1,775	1,800	225	9	0	0	3,450	3,475	561	561	427	427	427	293	293	293	0	0	0	0	
1,800	1,825	230	9	0	0	3,475	3,500	566	566	432	432	432	298	298	298	0	0	0	0	
1,825	1,850	235	10	0	0	3,500	3,525	571	571	437	437	437	303	303	303	0	0	0	0	
1,850	1,875	240	10	0	0	3,525	3,550	576	576	442	442	442	308	308	308	0	0	0	0	
1,875	1,900	245	11	0	0	3,550	3,575	581	581	447	447	447	313	313	313	0	0	0	0	
1,900	1,925	250	11	0	0	3,575	3,600	586	586	452	452	452	318	318	318	0	0	0	0	
1,925	1,950	255	12	0	0	3,600	3,625	591	591	457	457	457	323	323	323	0	0	0	0	
1,950	1,975	260	12	0	0	3,625	3,650	596	596	462	462	462	328	328	328	0	0	0	0	
1,975	2,000	265	13	0	0	3,650	3,675	601	601	467	467	467	333	333	333	0	0	0	0	
2,000	2,025	270	13	0	0	3,675	3,700	606	606	472	472	472	338	338	338	0	0	0	0	
2,025	2,050	275	14	0	0	3,700	3,725	611	611	477	477	477	343	343	343	0	0	0	0	
2,050	2,075	280	14	0	0	3,725	3,750	616	616	482	482	482	348	348	348	0	0	0	0	
2,075	2,100	285	15	0	0	3,750	3,775	621	621	487	487	487	353	353	353	0	0	0	0	
2,100	2,125	290	15	0	0	3,775	3,800	626	626	492	492	492	358	358	358	0	0	0	0	
2,125	2,150	295	16	0	0	3,800	3,825	631	631	497	497	497	363	363	363	0	0	0	0	
2,150	2,175	300	16	0	0	3,825	3,850	636	636	502	502	502	368	368	368	0	0	0	0	
2,175	2,200	305	17	0	0	3,850	3,875	641	641	507	507	507	373	373	373	0	0	0	0	
2,200	2,225	310	17	0	0	3,875	3,900	646	646	512	512	512	378	378	378	0	0	0	0	
2,225	2,250	315	18	0	0	3,900	3,925	651	651	517	517	517	383	383	383	0	0	0	0	
2,250	2,275	320	18	0	0	3,925	3,950	656	656	522	522	522	388	388	388	0	0	0	0	
2,275	2,300	325	19	0	0	3,950	3,975	661	661	527	527	527	393	393	393	0	0	0	0	
2,300	2,325	330	19	0	0	3,975	4,000	666	666	532	532	532	398	398	398	0	0	0	0	
2,325	2,350	335	20	0	0	4,000	4,025	671	671	537	537	537	403	403	403	0	0	0	0	
2,350	2,375	340	20	0	0	4,025	4,050	676	676	542	542	542	408	408	408	0	0	0	0	
2,375	2,400	345	21	0	0	4,050	4,075	681	681	547	547	547	413	413						

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"Table III
 "Taxable years beginning after December 31, 1953

If adjusted gross income is—		And the number of exemptions is—				If adjusted gross income is—		And the number of exemptions is—												
At least	But less than	1	2	3	4 or more	At least	But less than	1		2		3		4	5	6	7	8 or more		
								And taxpayer is single or married filing separately	And taxpayer is head of household	And taxpayer is single or married filing separately	And taxpayer is head of household	And a joint return is filed	And taxpayer is single or married filing separately						And taxpayer is head of household	And a joint return is filed
								The tax shall be—											The tax shall be—	
\$0	\$675	\$0	\$0	\$0	\$0	\$2,325	\$2,550	\$501	\$501	\$181	\$181	\$181	\$61	\$61	\$61	\$61	\$61	\$61		
675	700	4	0	0	0	2,350	2,375	305	305	185	185	185	65	65	65	65	65	65		
700	725	8	0	0	0	2,375	2,400	310	310	190	190	190	70	70	70	70	70	70		
725	750	12	0	0	0	2,400	2,425	314	314	194	194	194	74	74	74	74	74	74		
750	775	17	0	0	0	2,425	2,450	319	319	199	199	199	79	79	79	79	79	79		
775	800	22	0	0	0	2,450	2,475	323	323	203	203	203	83	83	83	83	83	83		
800	825	26	0	0	0	2,475	2,500	328	328	208	208	208	88	88	88	88	88	88		
825	850	31	0	0	0	2,500	2,525	332	332	212	212	212	92	92	92	92	92	92		
850	875	35	0	0	0	2,525	2,550	337	337	217	217	217	97	97	97	97	97	97		
875	900	40	0	0	0	2,550	2,575	341	341	221	221	221	101	101	101	101	101	101		
900	925	44	0	0	0	2,575	2,600	346	346	226	226	226	106	106	106	106	106	106		
925	950	49	0	0	0	2,600	2,625	350	350	230	230	230	110	110	110	110	110	110		
950	975	53	0	0	0	2,625	2,650	355	355	235	235	235	115	115	115	115	115	115		
975	1,000	58	0	0	0	2,650	2,675	359	359	239	239	239	119	119	119	119	119	119		
1,000	1,025	62	0	0	0	2,675	2,700	364	364	244	244	244	124	124	124	124	124	124		
1,025	1,050	67	0	0	0	2,700	2,725	368	368	248	248	248	128	128	128	128	128	128		
1,050	1,075	71	0	0	0	2,725	2,750	373	373	253	253	253	133	133	133	133	133	133		
1,075	1,100	76	0	0	0	2,750	2,775	377	377	257	257	257	137	137	137	137	137	137		
1,100	1,125	80	0	0	0	2,775	2,800	382	382	262	262	262	142	142	142	142	142	142		
1,125	1,150	85	0	0	0	2,800	2,825	386	386	266	266	266	146	146	146	146	146	146		
1,150	1,175	89	0	0	0	2,825	2,850	391	391	271	271	271	151	151	151	151	151	151		
1,175	1,200	94	0	0	0	2,850	2,875	395	395	275	275	275	155	155	155	155	155	155		
1,200	1,225	98	0	0	0	2,875	2,900	400	400	280	280	280	160	160	160	160	160	160		
1,225	1,250	103	0	0	0	2,900	2,925	405	405	284	284	284	164	164	164	164	164	164		
1,250	1,275	107	0	0	0	2,925	2,950	410	410	289	289	289	169	169	169	169	169	169		
1,275	1,300	112	0	0	0	2,950	2,975	415	415	293	293	293	173	173	173	173	173	173		
1,300	1,325	116	0	0	0	2,975	3,000	420	420	298	298	298	178	178	178	178	178	178		
1,325	1,350	121	0	0	0	3,000	3,025	427	427	305	305	305	185	185	185	185	185	185		
1,350	1,375	125	0	0	0	3,025	3,050	437	437	314	314	314	194	194	194	194	194	194		
1,375	1,400	130	0	0	0	3,050	3,075	447	447	323	323	323	203	203	203	203	203	203		
1,400	1,425	134	0	0	0	3,075	3,100	457	457	332	332	332	212	212	212	212	212	212		
1,425	1,450	139	0	0	0	3,100	3,125	467	467	341	341	341	221	221	221	221	221	221		
1,450	1,475	143	0	0	0	3,125	3,150	476	476	350	350	350	230	230	230	230	230	230		
1,475	1,500	148	0	0	0	3,150	3,175	486	486	359	359	359	239	239	239	239	239	239		
1,500	1,525	152	0	0	0	3,175	3,200	496	496	368	368	368	248	248	248	248	248	248		
1,525	1,550	157	0	0	0	3,200	3,225	506	506	377	377	377	257	257	257	257	257	257		
1,550	1,575	161	0	0	0	3,225	3,250	516	516	386	386	386	266	266	266	266	266	266		
1,575	1,600	166	0	0	0	3,250	3,275	526	526	395	395	395	275	275	275	275	275	275		
1,600	1,625	170	0	0	0	3,275	3,300	536	536	404	404	404	284	284	284	284	284	284		
1,625	1,650	175	0	0	0	3,300	3,325	546	546	413	413	413	293	293	293	293	293	293		
1,650	1,675	179	0	0	0	3,325	3,350	556	556	423	423	423	302	302	302	302	302	302		
1,675	1,700	184	0	0	0	3,350	3,375	566	566	433	433	433	311	311	311	311	311	311		
1,700	1,725	188	0	0	0	3,375	3,400	576	576	443	443	443	320	320	320	320	320	320		
1,725	1,750	193	0	0	0	3,400	3,425	585	585	453	453	453	329	329	329	329	329	329		
1,750	1,775	197	0	0	0	3,425	3,450	595	595	463	463	463	338	338	338	338	338	338		
1,775	1,800	202	0	0	0	3,450	3,475	605	605	473	473	473	347	347	347	347	347	347		
1,800	1,825	209	0	0	0	3,475	3,500	615	615	483	483	483	356	356	356	356	356	356		
1,825	1,850	211	0	0	0	3,500	3,525	625	625	493	493	493	365	365	365	365	365	365		
1,850	1,875	215	0	0	0	3,525	3,550	635	635	503	503	503	374	374	374	374	374	374		
1,875	1,900	220	0	0	0	3,550	3,575	645	645	513	513	513	383	383	383	383	383	383		
1,900	1,925	224	0	0	0	3,575	3,600	655	655	523	523	523	392	392	392	392	392	392		
1,925	1,950	229	0	0	0	3,600	3,625	665	665	533	533	533	401	401	401	401	401	401		
1,950	1,975	234	0	0	0	3,625	3,650	674	674	542	542	542	410	410	410	410	410	410		
1,975	2,000	238	0	0	0	3,650	3,675	684	684	552	552	552	419	419	419	419	419	419		
2,000	2,025	242	0	0	0	3,675	3,700	694	694	562	562	562	429	429	429	429	429	429		
2,025	2,050	247	0	0	0	3,700	3,725	704	704	572	572	572	438	438	438	438	438	438		
2,050	2,075	251	0	0	0	3,725	3,750	714	714	582	582	582	447	447	447	447	447	447		
2,075	2,100	256	0	0	0	3,750	3,775	724	724	592	592	592	457	457	457	457	457	457		
2,100	2,125	260	0	0	0	3,775	3,800	734	734	602	602	602	467	467	467	467	467	467		
2,125	2,150	265	0	0	0	3,800	3,825	744	744	612	612	612	476	476	476	476	476	476		
2,150	2,175	269	0	0	0	3,825	3,850	754	754	622	622	622	486	486	486	486	486	486		
2,175	2,200	274	0	0	0	3,850	3,875	764	764	632	632	632	495	495	495	495	495	495		
2,200	2,225	278	0	0	0	3,875	3,900	774	774	642	642	642	505	505	505	505	505	505		
2,225	2,250	283	0	0	0	3,900	3,925	784	784	652	652	652	514	514	514	514	514	514		
2,250	2,275	287	0	0	0	3,925	3,950	794	794	662	662	662	524	524	524	524	524	524		
2,275	2,300	292	0	0	0	3,950	3,975	803	803	672	672	672	533	533	533	533	533	533		
2,300	2,325	296	0	0	0	3,975	4,000	813	813	682	682	682	543	543	543	543	543	543		

And the Senate agree to the same.

Amendment numbered 4:

That the House recode from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(b) *IMPOSITION OF TAX.*—*There shall be levied, collected, and paid for each taxable year upon the normal-tax net income of every corporation (except a corporation subject to a tax imposed by section 231 (a), Supplement C, or Supplement (i))—*

"(1) *CALENDAR YEAR 1951.*—*In the case of a taxable year beginning on January 1, 1951, and ending on December 31, 1951, a tax of 28¾ per centum of the normal-tax net income.*

"(2) *TAXABLE YEARS BEGINNING AFTER MARCH 31, 1951, AND BEFORE APRIL 1, 1954.*—*In the case of taxable years beginning after March 31, 1951, and before April 1, 1954, a tax of 30 per centum of the normal-tax income.*

"(3) *TAXABLE YEARS BEGINNING AFTER MARCH 31, 1954.*—*In the case of taxable years beginning after March 31, 1954, a tax of 25 per centum of the normal-tax net income.*"

And the Senate agree to the same.

Amendment numbered 6:

That the House recode from its disagreement to the amendment of the Senate numbered 6, and agreed to the same with the following amendments:

On page 13, line 13, of the Senate engrossed amendments, strike out "(c)" and insert (b).

On page 13, line 24, of the Senate engrossed amendments strike out "16½" and insert 17¼.

On page 14, line 12, of the Senate engrossed amendments strike out "17" and insert 18.

And the Senate agree to the same.

Amendment numbered 7:

That the House recode from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

(c) *MUTUAL INSURANCE COMPANIES OTHER THAN LIFE OR MARINE.*—

(1) *Section 207 (a) (1) (relating to normal tax and surtax on mutual insurance companies, other than life or marine) is hereby amended by striking out subparagraphs (A) and (B) and inserting in lieu thereof the following:*

"(A) *Taxable Years Beginning After December 31, 1950, and Before April 1, 1951.*—*In the case of taxable years beginning after December 31, 1950, and before April 1, 1951, and ending after March 31, 1951—*

"(i) *Normal tax.*—*A normal tax of 28¾ per centum of the normal-tax net income, or 57½ per centum of the amount*

by which the normal-tax net income exceeds \$3,000, whichever is the lesser; plus

"(ii) Surtax.—A surtax of 22 per centum of the corporation surtax net income in excess of \$25,000.

"(B) Taxable Years Beginning After March 31, 1951, and Before April 1, 1954.—In the case of taxable years beginning after March 31, 1951, and before April 1, 1954—

"(i) Normal tax.—A normal tax of 30 per centum of the normal-tax net income, or 60 per centum of the amount by which the normal-tax net income exceeds \$3,000, whichever is the lesser; plus

"(ii) Surtax.—A surtax of 22 per centum of the corporation surtax net income in excess of \$25,000.

"(C) Taxable Years Beginning After March 31, 1954.—

In the case of a taxable year beginning after March 31, 1954—

"(i) Normal tax.—A normal tax of 25 per centum of the normal-tax net income, or 50 per centum of the amount by which the normal-tax net income exceeds \$3,000, whichever is the lesser; plus

"(ii) Surtax.—A surtax of 22 per centum of the corporation surtax net income in excess of \$25,000."

(2) Section 207 (a) (3) (relating to a normal tax and surtax on interinsurers and reciprocal underwriters) is hereby amended by striking out subparagraphs (A) and (B) and inserting in lieu thereof the following:

"(A) Taxable Years Beginning After December 31, 1950, and before April 1, 1951.—In the case of taxable years beginning after December 31, 1950, and before April 1, 1951, and ending after March 31, 1951—

"(i) Normal tax.—A normal tax of 28½ per centum of the normal-tax net income, or 57½ per centum of the amount by which the normal-tax net income exceeds \$50,000, whichever is the lesser; plus

"(ii) Surtax.—A surtax of 22 per centum of the corporation surtax net income in excess of \$25,000, or 33 per centum of the amount by which the corporation surtax net income exceeds \$50,000, whichever is the lesser.

"(B) Taxable Years Beginning After March 31, 1951, and Before April 1, 1954.—In the case of taxable years beginning after March 31, 1951, and before April 1, 1954—

"(i) Normal tax.—A normal tax of 30 per centum of the normal-tax net income, or 60 per centum of the amount by which the normal-tax net income exceeds \$50,000, whichever is the lesser; plus

"(ii) Surtax.—A surtax of 22 per centum of the corporation surtax net income in excess of \$25,000, or 33 per centum of the amount by which the corporation surtax net income exceeds \$50,000, whichever is the lesser.

"(C) Taxable Years Beginning After March 31, 1954.—In the case of a taxable year beginning after March 31, 1954—

"(i) Normal tax.—A normal tax of 25 per centum of the normal-tax net income, or 50 per centum of the amount by which the normal-tax net income exceeds \$50,000, whichever is the lesser; plus

"(ii) *Surtax*.—A surtax of 22 per centum of the corporation surtax net income in excess of \$25,000, or 33 per centum of the amount by which the corporation surtax net income exceeds \$50,000, whichever is the lesser."

(d) *REGULATED INVESTMENT COMPANIES*.—Section 362 (b) (relating to tax on regulated investment companies) is hereby amended by striking out paragraphs (3) and (4) and inserting in lieu thereof the following:

"(3) In the case of taxable years beginning after December 31, 1950, and before April 1, 1951, and ending after March 31, 1951, there shall be levied, collected, and paid for each taxable year upon its Supplement Q net income a tax equal to 28½ per centum of the amount thereof. In the case of taxable years beginning after March 31, 1951, and before April 1, 1954, there shall be levied, collected, and paid for each taxable year upon its Supplement Q net income a tax equal to 30 per centum of the amount thereof. In the case of taxable years beginning after March 31, 1954, there shall be levied, collected, and paid for each taxable year upon its Supplement Q net income a tax equal to 25 per centum of the amount thereof.

"(4) In the case of taxable years beginning after December 31, 1950, there shall be levied, collected, and paid for each taxable year upon its Supplement Q surtax net income a tax equal to 22 per centum of the amount thereof in excess of \$25,000."

(e) *BUSINESS INCOME OF CERTAIN SECTION 101 ORGANIZATIONS*.—Section 421 (a) (1) (relating to imposition of tax on business income of certain section 101 organizations) is hereby amended by inserting before the period at the end thereof the following: "; except that (A) in the case of taxable years beginning before April 1, 1951, and ending after March 31, 1951, the normal tax shall be 28½ per centum of the Supplement U net income, and (B) in the case of taxable years beginning after March 31, 1951, and before April 1, 1954, the normal tax shall be 30 per centum of the Supplement U net income"

(f) *AMENDMENT OF SECTION 15*.—Section 15 (relating to surtax on corporations) is hereby amended to read as follows:

"SEC. 15. SURTAX ON CORPORATIONS.

"(a) *CORPORATION SURTAX NET INCOME*.—For the purposes of this chapter, the term 'corporation surtax net income' means the net income minus the sum of the following credits:

"(1) The credit for dividends received provided in section 26 (b);

"(2) In the case of a public utility, the credit for dividends paid on its preferred stock provided in section 26 (h);

"(3) In the case of a western hemisphere trade corporation (as defined in section 109), the credit provided in section 26 (i).

"(b) *IMPOSITION OF TAX*.—There shall be levied, collected, and paid for each taxable year upon the corporation surtax net income of every corporation (except a corporation subject to a tax imposed by section 231 (a), Supplement G, or Supplement Q) a surtax of 22 per centum of the amount of the corporation surtax net income in excess of \$25,000.

"(c) *DISALLOWANCE OF SURTAX EXEMPTION AND MINIMUM EXCESS PROFITS CREDIT*.—If any corporation transfers, on or after January 1, 1951, all or part of its property (other than money) to another corporation which was created for the purpose of acquiring such property or which was not actively engaged in business at the time of such acquisition, and if after such transfer the transferor corporation or its stockholders,

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or both, are in control of such transferee corporation during any part of the taxable year of such transferee corporation, then such transferee corporation shall not for such taxable year (except as may be otherwise determined under section 129 (b)) be allowed either the \$25,000 exemption from surtax provided in subsection (b) or the \$25,000 minimum excess profits credit provided in the last sentence of section 431, unless such transferee corporation shall establish by the clear preponderance of the evidence that the securing of such exemption or credit was not a major purpose of such transfer. For the purposes of this subsection, control means the ownership of stock possessing at least 80 per centum of the total combined voting power of all classes of stock entitled to vote or at least 80 per centum of the total value of shares of all classes of stock of the corporation. In determining the ownership of stock for the purpose of this subsection, the ownership of stock shall be determined in accordance with the provisions of section 503, except that constructive ownership under section 503 (a) (2) shall be determined only with respect to the individual's spouse and minor children. The provisions of section 129 (b), and the authority of the Secretary under such section, shall, to the extent not inconsistent with the provisions of this subsection, be applicable to this subsection. This subsection shall not apply to any taxable year with respect to which the tax imposed by subchapter D of this chapter is not in effect."

(g) **TECHNICAL AMENDMENT.**—Section 14 (relating to normal tax on special classes of corporations in the case of taxable years beginning before July 1, 1950) is hereby repealed.

And the Senate agree to the same.

Amendment numbered 8:

That the House recede from its disagreement to the amendment of the Senate numbered 8, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

SEC. 122. CREDITS OF CORPORATIONS.

(a) **DIVIDENDS RECEIVED CREDIT.**—Paragraphs (1) and (2) of section 26 (b) (relating to credit for dividends received) are hereby amended to read as follows:

"(1) **IN GENERAL.**—85 per centum of the amount received as dividends (other than dividends described in paragraph (2) on the preferred stock of a public utility) from a domestic corporation which is subject to taxation under this chapter.

"(2) **CERTAIN PREFERRED STOCK.**—

"(A) **Calendar Year 1951.**—In the case of a taxable year beginning on January 1, 1951, and ending on December 31, 1951, 61 per centum of the amount received as dividends on the preferred stock of a public utility which is subject to taxation

under this chapter and with respect to which the credit provided in section 26 (h) for dividends paid is allowable.

"(B) Taxable Years Beginning After March 31, 1951, and Before April 1, 1954.—In the case of taxable years beginning after March 31, 1951, and before April 1, 1954, 62 per centum of the amount received as dividends on the preferred stock of a public utility which is subject to taxation under this chapter and with respect to which the credit provided in section 26 (h) for dividends paid is allowable.

"(C) Taxable Years Beginning After March 31, 1954.—In the case of taxable years beginning after March 31, 1954, 59 per centum of the amount received as dividends on the preferred stock of a public utility which is subject to taxation under this chapter and with respect to which the credit provided in section 26 (h) for dividends paid is allowable."

(b) CREDIT FOR DIVIDENDS PAID ON CERTAIN PREFERRED STOCK.—The first sentence of section 26 (h) (1) (relating to amount of credit for dividends paid on certain preferred stock) is hereby amended to read as follows: "In the case of a public utility, (A) for a taxable year beginning on January 1, 1951, and ending on December 31, 1951, an amount equal to 28 per centum of the lesser of (i) the amount of dividends paid during the taxable year on its preferred stock or (ii) the adjusted net income for such taxable year minus the credit for dividends received provided in subsection (b) for such year, (B) for a taxable year beginning after March 31, 1951, and before April 1, 1954, an amount equal to 27 per centum of the lesser of (i) the amount of dividends paid during the taxable year on its preferred stock or (ii) the adjusted net income for such taxable year minus the credit for dividends received provided in subsection (b) for such year, and (C) for a taxable year beginning after March 31, 1954, an amount equal to 30 per centum of the lower of (i) the amount of dividends paid during the taxable year on its preferred stock or (ii) the adjusted net income for such taxable year minus the credit for dividends received provided in subsection (b) for such year."

(c) WESTERN HEMISPHERE TRADE CORPORATIONS.—Section 26 (i) (relating to credit of a western hemisphere trade corporation) is hereby amended to read as follows:

"(i) WESTERN HEMISPHERE TRADE CORPORATIONS.—In the case of a western hemisphere trade corporation (as defined in section 109)—

"(1) CALENDAR YEAR 1951.—In the case of a taxable year beginning on January 1, 1951, and ending on December 31, 1951, an amount equal to 28 per centum of its normal-tax net income computed without regard to the credit provided in this subsection.

"(2) TAXABLE YEARS BEGINNING AFTER MARCH 31, 1951, AND BEFORE APRIL 1, 1954.—In the case of a taxable year beginning after March 31, 1951, and before April 1, 1954, an amount equal to 27 per centum of its normal-tax net income computed without regard to the credit provided in this subsection.

"(3) TAXABLE YEARS BEGINNING AFTER MARCH 31, 1954.—In the case of a taxable year beginning after March 31, 1954, an amount equal to 30 per centum of its normal-tax net income computed without regard to the credit provided in this subsection."

And the Senate agree to the same.

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Amendment numbered 13:

That the House recede from its disagreement to the amendment of the Senate numbered 13, and agree to the same with the following amendments:

On page 27 of the Senate engrossed amendments strike out lines 1 to 5, inclusive, and insert in lieu thereof the following:

“(3) that portion of a tentative tax consisting of—

“(A) a tentative normal tax of 30 per centum of the normal-tax net income, plus

“(B) a tentative surtax of 20 per centum of the surtax net income in excess of \$25,000,

On page 31 of the Senate engrossed amendments strike out subsection (k) and insert in lieu thereof the following:

“(k) *TAXABLE YEARS OF CORPORATIONS BEGINNING BEFORE APRIL 1, 1954, AND ENDING AFTER MARCH 31, 1954.*—In the case of a taxable year of a corporation beginning before April 1, 1954, and ending after March 31, 1954, the tax imposed by sections 13 and 15, or section 421 (a) (1), shall be an amount equal to the sum of—

“(1) that portion of a tentative tax, computed under the provisions of sections 13 and 15, or section 421 (a) (1), applicable to years beginning on January 1, 1953, which the number of days in such taxable year prior to April 1, 1954, bears to the total number of days in such taxable year, plus

“(2) that portion of a tentative tax, computed under the provisions of sections 13 and 15, or section 421 (a) (1), applicable to years beginning on April 1, 1954, as if such provisions were applicable to such taxable year, which the number of days in such taxable year after March 31, 1954, bears to the total number of days in such taxable year.”

And the Senate agree to the same.

Amendment numbered 28:

That the House recede from its disagreement to the amendment of the Senate numbered 28, and agree to the same with the following amendments:

Strike out the surtax table beginning on page 39 of the Senate engrossed amendments and insert the following:

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"If the surtax net income is:**The surtax shall be:**

Not over \$2,000-----	19.3% of the surtax net income.
Over \$2,000 but not over \$4,000-----	\$386, plus 20.4% of excess over \$2,000.
Over \$4,000 but not over \$6,000-----	\$794, plus 24% of excess over \$4,000.
Over \$6,000 but not over \$8,000-----	\$1,274, plus 26% of excess over \$6,000.
Over \$8,000 but not over \$10,000-----	\$1,794, plus 31% of excess over \$8,000.
Over \$10,000 but not over \$12,000-----	\$2,414, plus 32% of excess over \$10,000.
Over \$12,000 but not over \$14,000-----	\$3,054, plus 38% of excess over \$12,000.
Over \$14,000 but not over \$16,000-----	\$3,814, plus 41% of excess over \$14,000.
Over \$16,000 but not over \$18,000-----	\$4,634, plus 44% of excess over \$16,000.
Over \$18,000 but not over \$20,000-----	\$5,514, plus 45% of excess over \$18,000.
Over \$20,000 but not over \$22,000-----	\$6,414, plus 49% of excess over \$20,000.
Over \$22,000 but not over \$24,000-----	\$7,394, plus 51% of excess over \$22,000.
Over \$24,000 but not over \$28,000-----	\$8,414, plus 54% of excess over \$24,000.
Over \$28,000 but not over \$32,000-----	\$10,574, plus 57% of excess over \$28,000.
Over \$32,000 but not over \$38,000-----	\$12,854, plus 60% of excess over \$32,000.
Over \$38,000 but not over \$44,000-----	\$16,454, plus 63% of excess over \$38,000.
Over \$44,000 but not over \$50,000-----	\$20,234, plus 68% of excess over \$44,000.
Over \$50,000 but not over \$60,000-----	\$24,314, plus 69% of excess over \$50,000.
Over \$60,000 but not over \$70,000-----	\$31,214, plus 70% of excess over \$60,000.
Over \$70,000 but not over \$80,000-----	\$38,214, plus 74% of excess over \$70,000.
Over \$80,000 but not over \$90,000-----	\$45,614, plus 76% of excess over \$80,000.
Over \$90,000 but not over \$100,000-----	\$53,214, plus 78% of excess over \$90,000.
Over \$100,000 but not over \$150,000--	\$61,014, plus 82% of excess over \$100,000.
Over \$150,000 but not over \$200,000--	\$102,014, plus 85% of excess over \$150,000.
Over \$200,000 but not over \$300,000--	\$144,514, plus 88% of excess over \$200,000.
Over \$300,000-----	\$232,514, plus 89% of excess over \$300,000.

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Strike out the surtax table beginning on page 41 of the Senate engrossed amendments and insert the following:

"If the surtax net income is:***The surtax shall be:***

<i>Not over \$2,000-----</i>	<i>17% of the surtax net income.</i>
<i>Over \$2,000 but not over \$4,000-----</i>	<i>\$340, plus 18% of excess over \$2,000.</i>
<i>Over \$4,000 but not over \$6,000-----</i>	<i>\$700, plus 21% of excess over \$4,000.</i>
<i>Over \$6,000 but not over \$8,000-----</i>	<i>\$1,120, plus 23% of excess over \$6,000.</i>
<i>Over \$8,000 but not over \$10,000-----</i>	<i>\$1,580, plus 27% of excess over \$8,000.</i>
<i>Over \$10,000 but not over \$12,000-----</i>	<i>\$2,120, plus 29% of excess over \$10,000.</i>
<i>Over \$12,000 but not over \$14,000-----</i>	<i>\$2,700, plus 33% of excess over \$12,000.</i>
<i>Over \$14,000 but not over \$16,000-----</i>	<i>\$3,360, plus 36% of excess over \$14,000.</i>
<i>Over \$16,000 but not over \$18,000-----</i>	<i>\$4,080, plus 39% of excess over \$16,000.</i>
<i>Over \$18,000 but not over \$20,000-----</i>	<i>\$4,860, plus 40% of excess over \$18,000.</i>
<i>Over \$20,000 but not over \$22,000-----</i>	<i>\$5,660, plus 44% of excess over \$20,000.</i>
<i>Over \$22,000 but not over \$24,000-----</i>	<i>\$6,540, plus 46% of excess over \$22,000.</i>
<i>Over \$24,000 but not over \$28,000-----</i>	<i>\$7,460, plus 49% of excess over \$24,000.</i>
<i>Over \$28,000 but not over \$32,000-----</i>	<i>\$9,420, plus 51% of excess over \$28,000.</i>
<i>Over \$32,000 but not over \$38,000-----</i>	<i>\$11,460, plus 55% of excess over \$32,000.</i>
<i>Over \$38,000 but not over \$44,000-----</i>	<i>\$14,760, plus 59% of excess over \$38,000.</i>
<i>Over \$44,000 but not over \$50,000-----</i>	<i>\$18,300, plus 63% of excess over \$44,000.</i>
<i>Over \$50,000 but not over \$60,000-----</i>	<i>\$22,080, plus 65% of excess over \$50,000.</i>
<i>Over \$60,000 but not over \$70,000-----</i>	<i>\$28,580, plus 68% of excess over \$60,000.</i>
<i>Over \$70,000 but not over \$80,000-----</i>	<i>\$35,380, plus 71% of excess over \$70,000.</i>
<i>Over \$80,000 but not over \$90,000-----</i>	<i>\$42,480, plus 73% of excess over \$80,000.</i>
<i>Over \$90,000 but not over \$100,000-----</i>	<i>\$49,780, plus 77% of excess over \$90,000.</i>
<i>Over \$100,000 but not over \$150,000-----</i>	<i>\$57,480, plus 80% of excess over \$100,000.</i>
<i>Over \$150,000 but not over \$200,000-----</i>	<i>\$97,480, plus 84% of excess over \$150,000.</i>
<i>Over \$200,000 but not over \$300,000-----</i>	<i>\$139,480, plus 87% of excess over \$200,000.</i>
<i>Over \$300,000-----</i>	<i>\$226,480, plus 88% of excess over \$300,000.</i>

And the Senate agree to the same.

Amendment numbered 43:

That the House recede from its disagreement to the amendment of the Senate numbered 43, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

SEC. 311. CREDIT FOR DIVIDENDS RECEIVED.

(a) *DIVIDENDS FROM FOREIGN CORPORATION ENGAGED IN TRADE OR BUSINESS IN THE UNITED STATES.*—Section 26 (b) (relating to dividends received credit) is hereby amended by inserting after paragraph (2) the following new paragraph:

“(3) *DIVIDENDS RECEIVED FROM CERTAIN FOREIGN CORPORATIONS.*—In the case of dividends received from a foreign corporation (other than a foreign personal holding company) which is subject to taxation under this chapter, if, for an uninterrupted period of not less than 36 months ending with the close of such foreign corporation's taxable year in which such dividends are paid (or, if the corporation has not been in existence for 36 months at the close of such taxable year, for the period the foreign corporation has been in existence as of the close of such taxable year) such foreign corporation has been engaged in trade or business within the United States and has derived 50 per centum or more of its gross income from sources within the United States—

“(A) an amount equal to 85 per centum of the dividends received out of its earnings or profits specified in clause (2) of the first sentence of section 115 (a), but such amount shall not exceed an amount which bears the same ratio to 85 per centum of such dividends received out of such earnings or profits as the gross income of such foreign corporation for the taxable year from sources within the United States bears to its gross income from all sources for such taxable year, and

“(B) an amount equal to 85 per centum of the dividends received out of that part of its earnings or profits specified in clause (1) of the first sentence of section 115 (a) accumulated after the beginning of such uninterrupted period, but such amount shall not exceed an amount which bears the same ratio to 85 per centum of such dividends received out of such accumulated earnings or profits as the gross income of such foreign corporation from sources within the United States for the portion of such uninterrupted period ending at the beginning of such taxable year bears to its gross income from all sources for such portion of such uninterrupted period.

For determination of earnings or profits distributed in any taxable year, see section 115 (b).”

(b) *TECHNICAL AMENDMENT.*—Section 119 (a) (2) (B) (relating to rules as to source of income in the case of dividends) is hereby amended by inserting before the semicolon at the end thereof the following: “to the extent exceeding the amount which is 100/85ths of the amount of the credit allowable under section 26 (b) in respect of such dividends”.

(c) *EFFECTIVE DATE.*—The amendments made by this section shall be applicable only with respect to taxable years beginning after December 31, 1950.

And the Senate agree to the same.

Amendment numbered 45:

That the House recede from its disagreement to the amendment of the Senate numbered 45, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

SEC. 313. MUTUAL SAVINGS BANKS, BUILDING AND LOAN ASSOCIATIONS, COOPERATIVE BANKS.

(a) *MUTUAL SAVINGS BANKS.*—Section 101 (2) (relating to exemption from tax of mutual savings banks) is hereby repealed.

(b) *BUILDING AND LOAN ASSOCIATIONS AND COOPERATIVE BANKS.*—Section 101 (4) (relating to exemption from tax of building and loan associations and cooperative banks) is hereby amended to read as follows:

“(4) Credit unions without capital stock organized and operated for mutual purposes and without profit; and corporations or associations without capital stock organized prior to September 1, 1951, and operated for mutual purposes and without profit for the purpose of providing reserve funds for, and insurance of, shares or deposits in—

“(A) domestic building and loan associations,

“(B) cooperative banks without capital stock organized and operated for mutual purposes and without profit, or

“(C) mutual savings banks not having capital stock represented by shares;”.

(c) *EXEMPTIONS FROM EXCESS PROFITS TAX.*—Section 454 (corporations exempt from the excess profits tax) is hereby amended by adding at the end thereof the following:

“(h) Any mutual savings bank not having capital stock represented by shares, any domestic building and loan association (as defined in section 3797 (a) (19)), and any cooperative bank without capital stock organized and operated for mutual purposes and without profit.”

(d) *FEDERAL SAVINGS AND LOAN ASSOCIATIONS.*—Section 5 (h) of the Home Owners' Loan Act of 1933, as amended (12 U. S. C. 1464 (h)), is hereby amended by striking out “date)” and inserting in lieu thereof the following: “date, and except, in the case of taxable years beginning after December 31, 1951, income, war-profits, and excess-profits taxes)”.

(e) *BAD DEBT RESERVES.*—Section 23 (k) (1) (relating to deduction from gross income of bad debts) is hereby amended by adding at the end thereof the following: “In the case of a mutual savings bank not having capital stock represented by shares, a domestic building and loan association, and a cooperative bank without capital stock organized and operated for mutual purposes and without profit, the reasonable addition to a reserve for bad debts shall be determined with due regard to the amount of the taxpayer's surplus or bad debt reserves existing at the close of December 31, 1951. In the case of a taxpayer described in the preceding sentence, the reasonable addition to a reserve for bad debts for any taxable year shall in no case be less than the amount determined by the taxpayer as the reasonable addition for such year; except that the amount determined by the taxpayer under this sentence shall not be greater than the lesser of (A) the amount of its net income for the taxable year, computed without regard to this subsection, or (B) the amount by which 12 per centum of the total deposits or withdrawable accounts of its depositors

at the close of such year exceeds the sum of its surplus, undivided profits, and reserves at the beginning of the taxable year."

(f) *DIVIDENDS PAID TO DEPOSITORS.*—Section 23 (r) (relating to the deduction from gross income of certain dividends paid by banking corporations) is hereby amended to read as follows:

"(r) *DIVIDENDS PAID BY BANKING CORPORATIONS.*—

"(1) In the case of mutual savings banks, cooperative banks, and domestic building and loan associations, amounts paid to, or credited to the accounts of, depositors or holders of accounts as dividends on their deposits or withdrawable accounts, if such amounts paid or credited are withdrawable on demand subject only to customary notice of intention to withdraw.

"(2) For deduction of dividends paid by certain other banking corporations, see section 121."

(g) *DEDUCTION FOR REPAYMENT OF CERTAIN LOANS.*—Section 23 (relating to deductions from gross income) is hereby amended by adding at the end thereof the following:

"(dd) *REPAYMENT BY MUTUAL SAVINGS BANKS, ETC., OF CERTAIN LOANS.*—In the case of a mutual savings bank not having capital stock represented by shares, a domestic building and loan association, or a cooperative bank without capital stock organized and operated for mutual purposes and without profit, amounts paid by the taxpayer during the taxable year in repayment of loans made prior to September 1, 1951, by (1) the United States or any agency or instrumentality thereof which is wholly owned by the United States, or (2) any mutual fund established under the authority of the laws of any State."

(h) *DEFINITION OF BANK.*—Section 104 (a) (relating to definition of bank) is hereby amended by inserting at the end thereof the following: "Such term also means a domestic building and loan association."

(i) *DEFINITION OF DOMESTIC BUILDING AND LOAN ASSOCIATION.*—Section 3797 (a) (relating to definitions for the purposes of the Internal Revenue Code) is hereby amended by adding at the end thereof the following new paragraph:

"(19) *DOMESTIC BUILDING AND LOAN ASSOCIATION.*—The term 'domestic building and loan association' means a domestic building and loan association, a domestic savings and loan association, and a Federal savings and loan association, substantially all the business of which is confined to making loans to members."

(j) *EFFECTIVE DATE.*—The amendments made by this section shall be applicable only with respect to taxable years beginning after December 31, 1951.

And the Senate agree to the same.

Amendment numbered 46:

That the House recede from its disagreement to the amendment of the Senate numbered 46, and agree to the same with the following amendments:

On page 67, line 8, of the Senate engrossed amendments, insert after the period the following: *Allocations made after the close of the taxable year and on or before the fifteenth day of the ninth month following the close of such year shall be considered as made on the last day of such taxable year to the extent the allocations are attributable to income derived before the close of such year.*

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On page 67, line 10, of the Senate engrossed amendments, insert after "patronage" the following: *in the same or preceding years*

On page 69 of the Senate engrossed amendments strike out line 1 and all that follows through line 9.

On page 69, line 10, of the Senate engrossed amendments, strike out "(e)" and insert (d)

And the Senate agree to the same.

Amendment numbered 53:

That the House recede from its disagreement to the amendment of the Senate numbered 53, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(i) in the case of sand, gravel, slate, stone (including pumice and scoria), brick and tile clay, shale, oyster shell, clam shell, granite, marble, sodium chloride, and, if from brine wells, calcium chloride, magnesium chloride, and bromine, 5 per centum,

"(ii) in the case of coal, asbestos, brucite, dolomite, magnesite, perlite, wollastonite, calcium carbonates, and magnesium carbonates, 10 per centum,

"(iii) in the case of metal mines, apatite, bauxite, fluor spar, flake graphite, vermiculite, beryl, garnet, feldspar, mica, talc (including pyrophyllite), lepidolite, spodumene, barite, ball clay, sagger clay, china clay, phosphate rock, rock asphalt, trona, bentonite, gilsonite, thenardite, borax, fuller's earth, tripoli, refractory and fire clay, quartzite, diatomaceous earth, metallurgical grade limestone, chemical grade limestone, and potash, 15 per centum, and

And the Senate agree to the same.

Amendment numbered 54:

That the House recede from its disagreement to the amendment of the Senate numbered 54, and agree to the same with an amendment as follows:

On page 74 of the Senate engrossed amendments strike out lines 12 and 13 and insert the following: *taxes) is hereby amended by striking out "50 per centum of the value of the net estate" and inserting in lieu thereof "35 per centum of the value of the gross estate".*; and the Senate agree to the same.

Amendment numbered 55:

That the House recede from its disagreement to the amendment of the Senate numbered 55, and agree to the same with an amendment as follows:

On page 74, line 21, of the Senate engrossed amendments strike out "EXCLUSIVE" and insert *EXCLUSION*; and the Senate agree to the same.

Amendment numbered 64:

That the House recede from its disagreement to the amendment of the Senate numbered 64, and agree to the same with an amendment as follows:

On page 79 of the Senate engrossed amendments strike out all after "poultry" in line 14 to and including "acquisition" in line 17; and the Senate agree to the same.

Amendment numbered 67:

That the House recede from its disagreement to the amendment of the Senate numbered 67, and agree to the same with an amendment as follows:

On page 80, lines 7 and 8, of the Senate engrossed amendments, strike out the following: "in the cutting of such timber or"; and the Senate agree to the same.

Amendment numbered 77:

That the House recede from its disagreement to the amendment of the Senate numbered 77, and agree to the same with an amendment as follows:

Strike out the matter proposed to be stricken out by the Senate amendment and insert the following:

SEC. 328. TREATMENT OF GAIN ON SALES OF CERTAIN PROPERTY BETWEEN SPOUSES AND BETWEEN AN INDIVIDUAL AND A CONTROLLED CORPORATION.

(a) *DISALLOWANCE OF CAPITAL GAIN TREATMENT.*—Section 117 (relating to capital gains and losses) is hereby amended by adding at the end thereof the following new subsection:

"(c) *GAIN FROM SALE OF CERTAIN PROPERTY BETWEEN SPOUSES OR BETWEEN AN INDIVIDUAL AND A CONTROLLED CORPORATION.*—

"(1) *TREATMENT OF GAIN AS ORDINARY INCOME.*—In the case of a sale or exchange, directly or indirectly, of property described in paragraph (2)—

"(A) between a husband and wife; or

"(B) between an individual and a corporation more than 80 per centum in value of the outstanding stock of which is owned by such individual, his spouse, and his minor children and minor grandchildren;

any gain recognized to the transferor from the sale or exchange of such property shall be considered as gain from the sale or exchange of property which is neither a capital asset nor property described in subsection (j).

"(2) *SUBSECTION APPLICABLE ONLY TO SALES OR EXCHANGES OF DEPRECIABLE PROPERTY.*—This subsection shall apply only in the case of a sale or exchange of property by a transferor which in the hands of the transferee is property of a character which is subject to the allowance for depreciation provided in section 23 (l)."

(b) *EFFECTIVE DATE.*—The amendment made by subsection (a) shall be applicable with respect to taxable years ending after April 30, 1951, but shall apply only with respect to sales or exchanges made after May 3, 1951.

And the Senate agree to the same.

Amendment numbered 78:

That the House recede from its disagreement to the amendment of the Senate numbered 78, and agree to the same with the following amendments:

On page 83, line 4, of the Senate engrossed amendments, strike out "328" and insert 329

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On page 83, line 10, of the Senate engrossed amendments, strike out "(o)" and insert (p)

And the Senate agree to the same.

Amendment numbered 79:

That the House recede from its disagreement to the amendment of the Senate numbered 79, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

SEC. 330. NET OPERATING LOSS CARRY-OVER.

(a) *LOSS FOR TAXABLE YEAR BEGINNING BEFORE 1948.*—Section 122 (b) (2) (A) (relating to the amount of carry-overs) is hereby amended by striking out "1950", wherever it appears therein, and inserting in lieu thereof "1948".

(b) *ALLOWANCE OF THREE-YEAR LOSS CARRY-OVER FROM TAXABLE YEARS 1948-1949.*—Section 122 (b) (2) (relating to the amount of carry-over) is hereby amended by adding after subparagraph (B) the following new subparagraph:

"(C) *Loss for Taxable Year Beginning After December 31, 1947, and Before January 1, 1950.*—If for any taxable year beginning after December 31, 1947, and before January 1, 1950, the taxpayer has a net operating loss, such net operating loss shall be a net operating loss carry-over for each of the three succeeding taxable years, except that the carry-over in the case of each such succeeding taxable year (other than the first succeeding taxable year) shall be the excess, if any, of the amount of such net operating loss over the sum of the net income for each of the intervening years computed—

"(i) with the exceptions, additions, and limitations provided in subsection (d) (1), (2), (4), and (6), and

"(ii) by determining the net operating loss deduction for each intervening taxable year without regard to such net operating loss or to the net operating loss for any succeeding taxable year and without regard to any reduction specified in subsection (c).

For the purpose of the preceding sentence, the net operating loss for any taxable year beginning after December 31, 1947, and before January 1, 1950, shall be reduced by the sum of the net income for each of the two preceding taxable years computed—

"(iii) with the exceptions, additions, and limitations provided in subsection (d) (1), (2), (4), and (6), and

"(iv) by determining the net operating loss deduction without regard to such net operating loss or to the net operating loss for the succeeding taxable year, and without regard to any reduction specified in subsection (c)."

(c) *EFFECTIVE DATE.*—The amendments made by this section shall be applicable in computing the net operating loss deduction for taxable years beginning after December 31, 1948.

And the Senate agree to the same.

Amendment numbered 80:

That the House recede from its disagreement to the amendment of the Senate numbered 80, and agree to the same with an amendment as follows:

On page 87, line 17, of the Senate engrossed amendments, strike out "330" and insert 331; and the Senate agree to the same.

Amendment numbered 81:

That the House recede from its disagreement to the amendment of the Senate numbered 81, and agree to the same with the following amendments:

On page 88, line 7, of the Senate engrossed amendments, strike out "331" and insert 332

On page 88, line 21, of the Senate engrossed amendments, strike out "a majority" and insert the following: *50 per centum or more*

And the Senate agree to the same.

Amendment numbered 82:

That the House recede from its disagreement to the amendment of the Senate numbered 82, and agree to the same with an amendment as follows:

On page 89, line 5, of the Senate engrossed amendments, strike out "332" and insert 333; and the Senate agree to the same.

Amendment numbered 83:

That the House recede from its disagreement to the amendment of the Senate numbered 83, and agree to the same with an amendment as follows:

On page 89, line 19, of the Senate engrossed amendments, strike out "333" and insert 334; and the Senate agree to the same.

Amendment numbered 84:

That the House recede from its disagreement to the amendment of the Senate numbered 84, and agree to the same with the following amendments:

On page 90, line 22, of the Senate engrossed amendments, strike out "334" and insert 335

On page 91 of the Senate engrossed amendments strike out line 14 and insert the following: *coupons or in registered form, and the term 'securities of the employer corporation' includes securities of a parent or subsidiary corporation (as defined in section 130A (d) (2) and (3)) of the employer corporation.*"; and the Senate agree to the same.

Amendment numbered 85:

That the House recede from its disagreement to the amendment of the Senate numbered 85, and agree to the same with an amendment as follows:

On page 91, line 20, of the Senate engrossed amendments, strike out "335" and insert 336; and the Senate agree to the same.

Amendment numbered 86:

That the House recede from its disagreement to the amendment of the Senate numbered 86, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: 337; and the Senate agree to the same.

Amendment numbered 88:

That the House recede from its disagreement to the amendment of the Senate numbered 88, and agree to the same with an amendment as follows:

On page 97, line 4, of the Senate engrossed amendments, strike out "337" and insert 338; and the Senate agree to the same.

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Amendment numbered 89:

That the House recede from its disagreement to the amendment of the Senate numbered 89, and agree to the same with an amendment as follows:

On page 98, line 4, of the Senate engrossed amendments, strike out "338" and insert 339; and the Senate agree to the same.

Amendment numbered 90:

That the House recede from its disagreement to the amendment of the Senate numbered 90, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: 340; and the Senate agree to the same.

Amendment numbered 91:

That the House recede from its disagreement to the amendment of the Senate numbered 91, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

(c) *EFFECTIVE DATE.*—*The amendments made by this section shall be applicable with respect to taxable years beginning after December 31, 1950. The determination as to whether a person shall be recognized as a partner for income tax purposes for any taxable year beginning before January 1, 1951, shall be made as if this section had not been enacted and without inferences drawn from the fact that this section is not expressly made applicable with respect to taxable years beginning before January 1, 1951. In applying this subsection where the taxable year of any family partner is different from the taxable year of the partnership—*

(1) *if a taxable year of the partnership beginning in 1950 ends within or with, as to all of the family partners, taxable years which begin in 1951, then the amendments made by this section shall be applicable with respect to all distributive shares of income derived by the family partners from such taxable year of the partnership beginning in 1950, and*

(2) *if a taxable year of the partnership ending in 1951 ends within or with a taxable year of any family partner which began in 1950, then the amendments made by this section shall not be applicable with respect to any of the distributive shares of income derived by the family partners from such taxable year of the partnership.*

And the Senate agree to the same.

Amendment numbered 92:

That the House recede from its disagreement to the amendment of the Senate numbered 92, and agree to the same with the following amendments:

On page 103, line 5, of the Senate engrossed amendments, strike out "340" and insert 341.

On page 106 of the Senate engrossed amendments, strike out all after line 3 over to and including line 23 on page 110 and insert:

"(3) *TAX ADJUSTMENT MEASURED BY PRIOR BENEFITS.*—*If the provisions of this paragraph are applicable to the taxable year*

pursuant to an election made by the taxpayer under the provisions of paragraph (5)—

"(A) Amount of Recovery.—The amount of the recovery in the taxable year of any money or property in respect of property considered under subsection (a) as destroyed or seized in any prior taxable year shall be an amount equal to the aggregate of such money and the fair market value of such property, determined as of the date of the recovery. For the purpose of this paragraph, in the case of the recovery of the same property or interest considered under subsection (a) as destroyed or seized, the fair market value of such property or interest shall, at the option of the taxpayer, be considered an amount equal to the adjusted basis (for determining loss) of such property or interest in the hands of the taxpayer on the date such property or interest was considered under subsection (a) as destroyed or seized. The amount of the recovery determined under this subparagraph shall be reduced for the purposes of subparagraphs (B) and (C) by the amount of the obligations or liabilities with respect to the property considered under subsection (a) as destroyed or seized in respect of which the recovery was received, if the taxpayer for any previous taxable year chose under subsection (b) (2) to treat such obligations or liabilities as discharged or satisfied out of such property, and such obligations or liabilities were not so discharged or satisfied prior to the date of the recovery.

"(B) Adjustment for Prior Tax Benefits.—That part of the amount of the recovery, in respect of any property considered under subsection (a) as destroyed or seized, which is not in excess of the allowable deductions in prior taxable years on account of such destruction or seizure of the property (the amount of such allowable deductions being first reduced by the aggregate amount of any prior recoveries in respect of the same property) shall be excluded from gross income for the taxable year of the recovery for the purpose of computing the tax under this chapter and chapter 2; but there shall be added to, and assessed and collected as a part of, the tax under this chapter for the taxable year of the recovery the total increase in the tax under this chapter and chapter 2 for all taxable years which would result by decreasing, in an amount equal to such part of the recovery so excluded, such deductions allowable in the prior taxable years with respect to the destruction or seizure of the property. Such increase in the tax for each such year so resulting shall be computed in accordance with regulations prescribed by the Secretary. Such regulations shall give effect to previous recoveries of any kind (including recoveries described in section 22 (b) (12)) with respect to any prior year, and shall provide for the case where there was no tax for the prior year, but shall otherwise treat the tax previously determined for any year in accordance with the principles set forth in section 3801 (d). All credits allowable against the tax for any year and all carry-overs and carry-backs affected by so decreasing the allowable deductions shall be taken into account in computing the increase in the tax, except that the computation of

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the excess profits credit under chapter 2 E for any taxable year shall not be affected.

“(C) Gain Upon Recovery.—The amount of any recovery or part thereof, in respect of property considered under subsection (a) as destroyed or seized, which is not excluded from gross income under the provisions of subparagraph (B) shall be considered for the taxable year of the recovery as gain on the involuntary conversion of property as a result of its destruction or seizure and shall be recognized or not recognized as provided in section 112 (f).

“(D) Recoveries Treated as Gross Income for Certain Purposes.—For the purposes of sections 51, 52, and 3801 (b) the recovery in the taxable year of any money or property in respect of property considered under subsection (a) as destroyed or seized in any prior taxable year shall be deemed to be an item includible in gross income for the taxable year in which the recovery is made.

“(4) RESTORATION OF VALUE OF INVESTMENTS REFERABLE TO DESTROYED OR SEIZED PROPERTY.—For the purpose of this subsection the restoration in whole or in part of the value of any interest described in subsection (a) (3) by reason of any recovery of money or property in respect of property to which such interest related and which was considered under subsection (a) (1) or (2) as destroyed or seized shall be deemed a recovery of property in respect of property considered under subsection (a) as destroyed or seized. In applying paragraph (3) of this subsection such restoration shall be treated as the recovery of the same interest considered under subsection (a) as destroyed or seized.

“(5) ELECTION BY TAXPAYER FOR APPLICATION OF PARAGRAPH (3).—If the taxpayer elects to have the provisions of paragraph (3) applicable to any taxable year in which he recovered any money or property in respect of property considered under subsection (a) as destroyed or seized, the provisions of paragraph (3) shall be applicable to all taxable years of the taxpayer beginning after December 31, 1941, and such election, once made, shall be irrevocable. The election shall be made in such manner and at such time as the Secretary may by regulations prescribe, except that no election under this paragraph may be made after December 31, 1952, unless the taxpayer recovers money or property (in respect of property considered under subsection (a) as destroyed or seized) during a taxable year ending after the date of the enactment of the Revenue Act of 1951. If pursuant to such election the provisions of paragraph (3) are applicable to any taxable year—

“(A) the period of limitations provided in sections 275 and 276 on the making of assessments and the beginning of distraint or a proceeding in court for collection shall not, with respect to—

“(i) the amount to be added to the tax for such taxable year under the provisions of paragraph (3), and

“(ii) any deficiency for such taxable year or for any other taxable year, to the extent attributable to the basis of the recovered property being determined under the provisions of subsection (d) (2).”

expire prior to the expiration of two years following the date of the making of such election, and such amount and such deficiency may be assessed at any time prior to the expiration of such period notwithstanding any law or rule of law which would otherwise prevent such assessment and collection, and

"(B) in case refund or credit of any overpayment resulting from the application of the provisions of paragraph (3) to such taxable year is prevented on the date of the making of such election, or within one year from such date, by the operation of any law or rule of law (other than section 3761, relating to compromises), refund or credit of such overpayment may, nevertheless, be made or allowed if claim therefor is filed within one year from such date.

In the case of any taxable year ending before the date of the making by the taxpayer of an election under this paragraph, no interest shall be paid on any overpayment resulting from the application of the provisions of paragraph (3) to such taxable year, and no interest shall be assessed or collected with respect to any amount or any deficiency specified in clause (A), for any period prior to the expiration of six months following the date of the making of such election by the taxpayer."

On page 112 of the Senate engrossed amendments strike out line 6 and all that follows through line 17 and insert:

"(2) PROPERTY RECOVERED IN TAXABLE YEAR TO WHICH SUBSECTION (c) (3) IS APPLICABLE.—In the case of a taxpayer who has made an election under the provisions of subsection (c) (5), the basis of property recovered shall be an amount equal to the value at which such property is included in the amount of the recovery under subsection (c) (3) (A) (determined without regard to the last sentence thereof), reduced by such part of the gain under subsection (c) (3) (C) which is not recognized as provided in section 112 (f)."

On page 113, line 2, of the Senate engrossed amendments, strike out "1940" and insert 1941

And the Senate agree to the same.

Amendment numbered 93:

That the House recede from its disagreement to the amendment of the Senate numbered 93, and agree to the same with an amendment as follows:

On page 113, line 4, of the Senate engrossed amendments, strike out "341" and insert 342; and the Senate agree to the same.

Amendment numbered 96:

That the House recede from its disagreement to the amendment of the Senate numbered 96, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

SEC. 344. NONBUSINESS CASUALTY LOSSES.

(a) REMOVAL OF LIMITATION.—Section 122 (d) (5) (relating to net operating loss deduction) is hereby amended by inserting at the end thereof the following new sentence: "This paragraph shall not apply with respect to deductions allowable for losses sustained after December 31, 1950,

in respect of property, if the losses arise from fire, storm, shipwreck, or other casualty, or from theft."

(b) *EFFECTIVE DATE.*—The amendment made by this section shall be applicable in computing the net operating loss deduction for taxable years ending after December 31, 1948.

And the Senate agree to the same.

Amendment numbered 97:

That the House recede from its disagreement to the amendment of the Senate numbered 97, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

SEC. 345. ABATEMENT OF TAX ON CERTAIN TRUSTS FOR MEMBERS OF ARMED FORCES DYING IN SERVICE.

In the case of a trust which accumulated income for a beneficiary who died on or after December 7, 1941, and before January 1, 1948, while in active service as a member of the military or naval forces of the United States or of any of the other United Nations, there shall be allowed as a deduction in computing the net income of such trust (in addition to other deductions allowable under sections 23 and 162 of the Internal Revenue Code) income of the trust for any taxable year (before diminution for income tax) which was accumulated for such beneficiary if—

(1) *the income accumulated was for a taxable year of the trust which ended with or within a taxable year (ending on or after December 7, 1941) of such beneficiary during any part of which he was a member of such military or naval forces, or, in the case of the taxable year of the trust during which such beneficiary died, the income accumulated was for the period in such taxable year prior to the death of such beneficiary; and*

(2) *the amount of such accumulated income was, without regard to this section, taxable to the trust, and*

(3) *the income for such taxable year accumulated for the beneficiary, if not distributed to him prior to his death, was payable by the trust at or after his death only to his estate, spouse, or lineal ancestors or descendants.*

And the Senate agree to the same.

Amendment numbered 99:

That the House recede from its disagreement to the amendment of the Senate numbered 99, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

SEC. 346. LIFE INSURANCE DEPARTMENTS OF MUTUAL SAVINGS BANKS.

(a) *COMPUTATION OF TAX.*—Supplement A of chapter 1 is hereby amended by adding at the end thereof the following new section:

"SEC. 110. MUTUAL SAVINGS BANKS CONDUCTING LIFE INSURANCE BUSINESS.

"(a) ALTERNATIVE TAX.—In the case of a mutual savings bank not having capital stock represented by shares, authorized under State law to

engage in the business of issuing life insurance contracts, and which conducts a life insurance business in a separate department the accounts of which are maintained separately from the other accounts of the mutual savings bank, there shall be levied, collected, and paid, in lieu of the taxes imposed by sections 13 and 15, or section 117 (c) (1), a tax consisting of the sum of the partial taxes determined under paragraphs (1) and (2):

"(1) A partial tax computed upon the net income determined without regard to any items of gross income or deductions properly allocable to the business of the life insurance department, at the rates and in the manner as if this section has not been enacted; and

"(2) a partial tax computed upon the net income (as defined in section 201 (c) (7)) of the life insurance department determined without regard to any items of gross income or deductions not properly allocable to such department, at the rates and in the manner provided in Supplement G with respect to life insurance companies.

"(b) **LIMITATIONS OF SECTION.**—The provisions of subsection (a) shall be applicable only if the life insurance department would, if it were treated as a separate corporation, qualify as a life insurance company under section 201 (b)."

(b) **TECHNICAL AMENDMENT.**—Section 13 (relating to normal tax on corporations) is hereby amended by adding at the end thereof the following new subsection:

"(f) **MUTUAL SAVINGS BANKS CONDUCTING LIFE INSURANCE BUSINESS.**—For special tax, in lieu of the taxes imposed by this section and section 15, in the case of a mutual savings bank conducting a life insurance business, see section 110."

(c) **EFFECTIVE DATE.**—The amendments made by this section shall be applicable only with respect to taxable years beginning after December 31, 1951.

And the Senate agree to the same.

Amendment numbered 100:

That the House recode from its disagreement to the amendment of the Senate numbered 100, and agree to the same with the following amendments:

On page 120, line 17, of the Senate engrossed amendments, strike out "348" and insert 347.

On page 120, line 23, of the Senate engrossed amendments, strike out "the taxable year" and insert *a taxable year beginning before January 1, 1953*

And the Senate agree to the same.

Amendment numbered 101:

That the House recede from its disagreement to the amendment of the Senate numbered 101, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

SEC. 348. DEDUCTION WITH RESPECT TO CERTAIN UN-RELATED BUSINESS NET INCOME.

(a) **UNRELATED BUSINESS NET INCOME.**—Section 422 (a) (relating to unrelated business net income) is hereby amended by adding at the end thereof the following: "In the case of an organization described in section 3813 (a) (2) which is a member of a partnership all of whose

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members are organizations described in section 3813 (a) (2), if a trade or business regularly carried on by such partnership is an unrelated trade or business with respect to such organization, such organization shall, for taxable years beginning before January 1, 1954, be allowed a deduction in an amount equal to the portion of the gross income of such partnership from such unrelated trade or business which such organization is required (by a provision of a written contract executed by such organization prior to January 1, 1950, which provision expressly deals with the disposition of the gross income of the partnership) to pay within the taxable year in discharge of indebtedness incurred by such organization in acquiring its share of such trade or business, or to irrevocably set aside within the taxable year for the discharge of such indebtedness (to the extent that such amount has been so paid or set aside) if (i) such partnership was formed prior to January 1, 1950, for the purpose of carrying on such trade or business, and (ii) substantially all the assets used in carrying on such trade or business were acquired by it or by its members prior to such date. As used in the preceding sentence, the word 'indebtedness' does not include indebtedness incurred after January 1, 1950."

(b) *EFFECTIVE DATE.*—The amendment made by this section shall be applicable with respect to taxable years beginning after December 31, 1950, and prior to January 1, 1954.

And the Senate agree to the same.

Amendment numbered 102:

That the House recede from its disagreement to the amendment of the Senate numbered 102, and agree to the same with an amendment as follows:

On page 122, line 8, of the Senate engrossed amendments, strike out "350" and insert 349; and the Senate agree to the same.

Amendment numbered 104:

That the House recede from its disagreement to the amendment of the Senate numbered 104, and agree to the same with the following amendments:

On page 124, line 11, of the Senate engrossed amendments, strike out "contributions—" and insert the following: *contributions;*

On page 124 of the Senate engrossed amendments, after line 11, insert the following:

"(v) an organization organized (prior to October 1, 1951) which is exempt under section 101 (6) and which is operated for the purpose of conducting an annual chautauqua program of educational, cultural, and religious activities at a permanent location—

And the Senate agree to the same.

Amendment numbered 107:

That the House recede from its disagreement to the amendment of the Senate numbered 107, and agree to the same with an amendment as follows:

On page 126 of the Senate engrossed amendments strike out "January" in lines 18 and 19 and insert *April*; and the Senate agree to the same.

Amendment numbered 110:

That the House recede from its disagreement to the amendment of the Senate numbered 110, and agree to the same with the following amendments:

On page 127 of the Senate engrossed amendments strike out "January" in lines 8, 16, 22, and 23 and insert *April*

On page 127, line 18, of the Senate engrossed amendments strike out "April" and insert *July*

On page 128 of the Senate engrossed amendments strike out "January" in lines 6 and 9 and insert *April*

And the Senate agree to the same.

Amendment numbered 111:

That the House recede from its disagreement to the amendment of the Senate numbered 111, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

SEC. 423. REDUCTION OF TAX ON TOBACCO AND SNUFF.

(a) *REDUCTION IN RATE.*—Section 2000 (a) (relating to tax on tobacco and snuff) is hereby amended by striking out "18 cents per pound", wherever it appears therein, and inserting in lieu thereof "10 cents per pound".

(b) *EFFECTIVE DATE.*—The amendment made by subsection (a) shall take effect on the first day of the first month which begins more than ten days after the date of the enactment of this Act.

And the Senate agree to the same.

Amendment numbered 118:

That the House recede from its disagreement to the amendment of the Senate numbered 118, and agree to the same with an amendment as follows:

Restore the matter proposed to be stricken out by the Senate amendment and on page 111 of the House engrossed bill, after line 16, insert: *On and after April 1, 1954, the tax imposed by this section shall be 1½ cents a gallon in lieu of 2 cents a gallon.*

And the Senate agree to the same.

Amendment numbered 121:

That the House recede from its disagreement to the amendment of the Senate numbered 121, and agree to the same with an amendment as follows:

On page 130, line 18, of the Senate engrossed amendments, strike out "January" and insert *April*; and the Senate agree to the same.

Amendment numbered 122:

That the House recede from its disagreement to the amendment of the Senate numbered 122, and agree to the same with an amendment as follows:

On page 131, line 1, of the Senate engrossed amendments, strike out "January" and insert *April*; and the Senate agree to the same.

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Amendment numbered 127:

That the House recede from its disagreement to the amendment of the Senate numbered 127, and agree to the same with an amendment as follows:

On page 131, line 8, of the Senate engrossed amendments, strike out "January" and insert *April*; and the Senate agree to the same.

Amendment numbered 128:

That the House recede from its disagreement to the amendment of the Senate numbered 128, and agree to the same with an amendment as follows:

On page 131, line 11, of the Senate engrossed amendments, strike out "January" and insert *April*; and the Senate agree to the same.

Amendment numbered 129:

That the House recede from its disagreement to the amendment of the Senate numbered 129, and agree to the same with an amendment as follows:

On page 131, line 14, of the Senate engrossed amendments, strike out "January" and insert *April*; and the Senate agree to the same.

Amendment numbered 131:

That the House recede from its disagreement to the amendment of the Senate numbered 131, and agree to the same with an amendment as follows:

On page 132 of the Senate engrossed amendments strike out "January" in lines 1 and 8 and insert *April*; and the Senate agree to the same.

Amendment numbered 137:

That the House recede from its disagreement to the amendment of the Senate numbered 137, and agree to the same with an amendment as follows:

On page 132, line 17, of the Senate engrossed amendments, strike out "January" and insert *April*; and the Senate agree to the same.

Amendment numbered 141:

That the House recede from its disagreement to the amendment of the Senate numbered 141, and agree to the same with the following amendments:

On page 133, line 3, of the Senate engrossed amendments, strike out "444" and insert *454*

On page 133 of the Senate engrossed amendments strike out "January" in lines 11 and 18 and insert *April*

On page 133, line 20, of the Senate engrossed amendments, strike out "February" and insert *May*

On page 134, line 2, of the Senate engrossed amendments, strike out "January" and insert *April*

And the Senate agree to the same.

Amendment numbered 142:

That the House recede from its disagreement to the amendment of the Senate numbered 142, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *455*; and the Senate agree to the same.

Amendment numbered 143:

That the House recede from its disagreement to the amendment of the Senate numbered 143, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *456*; and the Senate agree to the same.

Amendment numbered 151:

That the House recede from its disagreement to the amendment of the Senate numbered 151, and agree to the same with the following amendments:

On page 135, of the Senate engrossed amendments, strike out "452" in lines 8 and 13 and insert *462*

On page 135, line 16, of the Senate engrossed amendments, strike out "December 31, 1953" and insert *March 31, 1954*

And the Senate agree to the same.

Amendment numbered 154:

That the House recede from its disagreement to the amendment of the Senate numbered 154, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *464*; and the Senate agree to the same.

Amendment numbered 156:

That the House recede from its disagreement to the amendment of the Senate numbered 156, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *461 and 463*; and the Senate agree to the same.

Amendment numbered 163:

That the House recede from its disagreement to the amendment of the Senate numbered 163, and agree to the same with the following amendments:

On page 136, line 18, of the Senate engrossed amendments, strike out "461" and insert *471*

On page 137, line 5, of the Senate engrossed amendments, strike out "461" and insert *471*

And the Senate agree to the same.

Amendment numbered 166:

That the House recede from its disagreement to the amendment of the Senate numbered 166, and agree to the same with an amendment as follows:

On page 137, line 13, of the Senate engrossed amendments, strike out "January" and insert *April*; and the Senate agree to the same.

Amendment numbered 167:

That the House recede from its disagreement to the amendment of the Senate numbered 167, and agree to the same with an amendment as follows:

On page 137, line 23, of the Senate engrossed amendments, strike out "January" and insert *April*; and the Senate agree to the same.

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Amendment numbered 168:

That the House recede from its disagreement to the amendment of the Senate numbered 168, and agree to the same with an amendment as follows:

On page 138, line 5, of the Senate engrossed amendments, strike out "January" and insert *April*; and the Senate agree to the same.

Amendment numbered 172:

That the House recede from its disagreement to the amendment of the Senate numbered 172, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *490*; and the Senate agree to the same.

Amendment numbered 173:

The the House recede from its disagreement to the amendment of the Senate numbered 173, and agree to the same with the following amendments:

On page 138, line 19, of the Senate engrossed amendments, strike out "473" and insert *483*

On page 139, line 7, of the Senate engrossed amendments, strike out "producer or" and insert *producer of*

And the Senate agree to the same.

Amendment numbered 174:

That the House recede from its disagreement to the amendment of the Senate numbered 174, and agree to the same with the following amendments:

On page 139, line 19, of the Senate engrossed amendments, strike out "474" and insert *484*

On page 140 of the Senate engrossed amendments strike out lines 19, 20, and 21 and, in lieu thereof, insert the following: *15 per centum, except that on and after April 1, 1954, the rate shall be 10 per centum; fishing rods, creels, reels, and artificial lures, baits, and flies; 10 per centum.*

And the Senate agree to the same.

Amendment numbered 175:

That the House recede from its disagreement to the amendment of the Senate numbered 175, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *485*; and the Senate agree to the same.

Amendment numbered 178:

That the House recede from its disagreement to the amendment of the Senate numbered 178, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *by striking out "Electric direct motor-driven fans and air circulators;" and inserting in lieu thereof "Electric direct motor-driven fans and air circulators (not of the industrial type); and the following appliances of the household type:"*, (2); and the Senate agree to the same.

Amendment numbered 179:

That the House recede from its disagreement to the amendment of the Senate numbered 179, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: (3), and on page 139 of the House engrossed bill, in lines 3 and 4, strike out "and the following appliances of the household type:"; and the Senate agree to the same.

Amendment numbered 181:

That the House recede from its disagreement to the amendment of the Senate numbered 181, and agree to the same with an amendment as follows:

Strike out the matter proposed to be stricken out by the Senate amendment and omit the matter proposed to be inserted by the Senate amendment; and the Senate agree to the same.

Amendment numbered 184:

That the House recede from its disagreement to the amendment of the Senate numbered 184, and agree to the same with an amendment as follows:

Restore the matter proposed to be stricken out by the Senate amendment, omit the matter proposed to be inserted by the Senate amendment, and on page 139, line 11, of the House engrossed bill, strike out "485" and insert 486; and the Senate agree to the same.

Amendment numbered 185:

That the House recede from its disagreement to the amendment of the Senate numbered 185, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: 487; and the Senate agree to the same.

Amendment numbered 188:

That the House recede from its disagreement to the amendment of the Senate numbered 188, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: 15; and the Senate agree to the same.

Amendment numbered 191:

That the House recede from its disagreement to the amendment of the Senate numbered 191, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: 488; and the Senate agree to the same.

Amendment numbered 193:

That the House recede from its disagreement to the amendment of the Senate numbered 193, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: 489; and the Senate agree to the same.